


## CHAPTER 1: SECTION 1

### ***INTRODUCTION AND AUDIT RISK LETTER***

TO:                Controllers and Chief Fiscal Officers of State Departments and  
                     Higher Education Institutions and Boards

FROM:            Arthur L. Barnhart   
                     State Controller

DATE:            March 2004

SUBJECT:        *FY03-04 Closing/FY04-05 Opening Procedures*

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The “Highlights” section following this letter summarizes changes and improvements for this fiscal year. I would encourage each agency to make full use of the “Agency Planning Guidelines and Checklist” to ensure each of the tasks appropriate to your agency are specifically assigned. I have also included for your reference a copy of this year’s risk letter from the Office of the State Auditor. Success in this increasingly complex process can only be assured when each of us assumes personal responsibility for our portion of the open/close process. Each of you should be proud of the successful closings/openings in prior years. I look forward to a successful closing/opening for this year.

I sincerely appreciate everyone’s suggestions and efforts to improve this process every year. Your input is essential to continue improving the open/close process. I encourage everyone to use the Financial Data Warehouse throughout the year and at year end as an added tool for monitoring the accounting functions within your departments.

These procedures are available on our website at <http://www.colorado.gov/dpa/dfp/sco>. In addition to the procedures, many other items that were formerly available in this manual are now on our website where updated versions may be maintained to more easily reflect changes.

Best wishes for a successful close. I know with the budget and staffing constraints, closing will put a lot of pressure on your existing staff. Thank you for your continued cooperation and support; this year more than ever, I sincerely appreciate it.

## 1.1 Audit Risk Letter



## STATE OF COLORADO

OFFICE OF THE STATE AUDITOR  
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JOANNE HILL, CPA  
State Auditor

Legislative Services Building  
200 East 14th Avenue  
Denver, Colorado 80203-2211

To: Agency Controllers

From: Joanne Hill, CPA

Topic: Preliminary Risk Areas for Fiscal Year June 30, 2004 Audit

Date: February 2004

At the request of the State Controller's Office, we are advising agencies of some preliminary risk areas for the Fiscal Year 2004 Statewide Single Audit. As always, we will be following up on prior year findings, performing normal audit tests as defined by generally accepted auditing standards, reviewing compliance with selected statutes, and addressing other agency-specific key financial items.

The risk areas identified for Fiscal Year 2004 include, but are not limited to, the following:

- **Internal Controls** - Ensuring that adequate internal controls are in place over the processing of and accounting for financial activity lessens the chance for potential misstatement or fraud. We have identified internal control environment issues in the prior year and will continue our review of agency internal control systems to determine any potential issues.
- **Timely Completion of Exhibits and Financial Statements** - The timely issuance of the State's financial statements begins with each agency completing its year-end closing activities within the time frame established by the State Controller's Office. During our previous audit, we noted several agencies that did not meet due dates. As a result, the agencies that submitted exhibits and financial statements after the established deadlines, significantly delayed the completion and audit of the State's financial statements.
- **Audit Adjustments and Post Closing Adjustments** - Adjustments not identified and submitted to the State Controller's Office in a timely manner increase the risk of misstatement and delay the completion of the State's financial statements. The number of audit and other post-closing adjustments has increased significantly over the past few years, with a substantial number being submitted after the deadlines established by the State Controller's Office. Although we noted improvement in the communication between agencies and the State Controller's Office with regard to adjustments arising from our audit, we will continue to emphasize the importance of identifying and submitting adjustments in a timely manner.
- **Year-end cutoff procedures** - As in prior years, we will review cutoff issues due to the importance in the budgetary process. In particular we will perform testing on the adjusting entries made by agencies. Adhering to year-end cutoff procedures help ensure that transactions are recorded in the proper fiscal year and decreases audit adjustments.

- **Federal awards** - It is essential for those agencies receiving federal funds to comply with the requirements in OMB Circular A-133. We continue to note problems during the audits including insufficient subrecipient monitoring, incorrect eligibility determinations, unallowable costs being charged to federal programs, and timeliness of cash draws. We will review agencies' use of documenting these types of transactions to ensure that adequate documentation is maintained.
- **Capital Assets** - The safeguarding and tracking of capital assets is essential to recording them properly. We continue to note problems in this area including insufficient documentation for the deletion of assets, and depreciation calculated incorrectly. Problems in this area increase the risk for the misappropriation of the State's capital assets. As in prior years, we will continue to work with agencies in reviewing their capital asset compliance.
- **Analytical Review** - The use of analytical reviews can aid in identifying potential problems or concerns. Our office regularly uses such techniques to identify fluctuations in revenue and expenditures. We will review agencies' use of analytical reviews to identify and prevent errors and irregularities.

## 1.2 FY03-04 Closing and FY04-05 Opening Highlights

The following items are brought to your attention, as they represent a new area of emphasis or address problems identified during last year's closing process. Review of these highlights should not be used as a substitute for a close review of the text of these instructions.

1. Agencies that receive federal funds from pass-through entities are reminded of their special obligation to report audit information to those entities. (See Chapter 1, Section 3.5.1.)
2. An overexpenditure must be approved or an appropriation transfer authorized prior to releasing warrants. Approval of overexpenditures and transfers are subject to various statewide dollar limits and other criteria. In the event that these limits are reached, departments may have to seek legislative action for the following fiscal year prior to releasing warrants. (See Chapter 3, Section 1.) The process for the transfer and overexpenditure forms has changed from a paper to an e-mail submission. Approved overexpenditures will have the final form signed by the department's executive director instead of submitting a separate letter to the State Controller. The due date has been moved to July 23, one week prior to agency close.
3. In governmental funds, certain accounts receivable accruals result in recording deferred revenue. These deferred revenues must be reconciled and converted to full accrual in fund 471. (See Chapter 3, Section 3.3)
4. In accordance with Senate Bill 03-197, the June payroll funded by General Funds will be reported as an expense for financial reporting purposes in FY03-04, but recorded against the FY04-05 budget. The biweekly payroll for the period ended June 11 that would normally be paid on June 25<sup>th</sup> will be paid to employees on July 1, 2004. This is the same GAAP and budgetary reporting as last fiscal year. (See Chapter 3, Section 3.27)
5. The financial statement line item account groupings have been updated based on a review of last year's roll-ups. A line item has been added for restricted receivables. The most significant changes are in the Statement of Revenues, Expenses and Changes in Net Assets and the Cash Flow Statement. All agencies are required to segregate investments between short-term and long-term. (See Chapter 3, Section 4.4)
6. The state's PERA contribution percentage in this fiscal year is 10.15%. The suggested PERA pension footnote disclosure language has been updated. (See Chapter 3, Section 4.3)
7. Higher Education institutions are required to include discretely presented component units (DPCUs) in their financial statements and provide the DPCU audited financial statements to the State Controller's Office by October 31. (See Chapter 3, Section 4.5) Receivable and payable accounts (including leases payable) have been added to the chart to accommodate separate reporting of amounts due-from and due-to DPCUs.
8. There are changes to the exhibits: (See Chapter 3, Section 5) E-mail addresses of exhibit preparers should be provided on each exhibit. The Exhibit C has been revised to increase the level of detail for bonds, COPs, and notes. Agencies must use the beginning balances provided on the Exhibit Reconciling Balances Report because the level of detail has changed from the prior year. Carrying value of the old debt and reacquisition price were added to Exhibit G. Fiduciary fund investments must be reported in the financial statements by investment type; this will require separate Exhibits N for certain funds within College Invest, DPA- Employee Benefits, and DOT –

Investment Trust Fund. Reporting of capitalization of interest during construction for proprietary funds was added to Exhibit U.

9. Chapter 3, Section 5.16 lists the SCO assigned Federal Org Codes that are currently available. If there are updates to the CFDA numbers from the federal government before the end of the fiscal year, we will issue an alert notifying agencies of the changes and we will update the Manual on the SCO web site.
10. Chapter 5, Section 1 and Chapter 3, section 3.21 lists all of the SCO diagnostic reports available on COFRS, the purpose of the report, the fields and how to read them.
11. Chapter 6 Section 1 is updated to reflect the new treatment of expired and re-issued warrants. Senate Bill 03-062, effective August 1, 2003, mandates that all outstanding warrants are now subject to the unclaimed property law and will revert to the Unclaimed Property Fund upon expiration. Previously, only outstanding warrants written on Fund 100 reverted to the Unclaimed Property Fund upon expiration.
12. Chapter 9 Section 1 was revised to clarify the requirements for capital project accounting. Higher Education institutions should not use transfer codes when recording augmenting revenue as memo entries in Fund 461.
13. Chart of Accounts Changes – Numerous changes have been made to the chart of accounts. The Chart is also updated on the SCO website each quarter. (See Appendix 2)
14. The SCO will distribute the report of Unrealized Gains/Losses on investments held by the Treasury to agencies after Period 12 close.

**1.3 Agency Planning Guidelines For FY03-04 Closing And FY04-05 Opening Activities**

To ensure a successful close, adequate planning and scheduling of year end activities are critical to agencies. It is imperative that agencies plan and complete critical tasks early in the year and monitor year end activities closely. The following information is designed to give agencies helpful suggestions for developing plans to complete both current year closing and new year opening activities.

- 1) Identify critical dates.
- 2) Identify critical tasks for new year opening activities:
  - a) Review new year preliminary Long Bill for APP2 and annotation changes.
  - b) Review all outstanding encumbrances: Are they valid for the new year?
  - c) Add new APP2 records.
  - d) Request changes/deletions of incorrect or unneeded APP2's by your field accounting specialist.
  - e) Prepare Long Bill booking worksheet.
  - f) Process AP's to record FY04-05 Long Bill using the book process.
  - g) Prepare expense/revenue budget worksheets.
  - h) Process expense (EB) and revenue (RB) budget documents.
  - i) Process FY04-05 encumbrance documents as needed.
  - j) Review all capital construction appropriations for completion of CCCAS forms.
  - k) Review agency-defined coding structures, sub-object, sub-revenue, GBL's, organization and program codes. Be sure to make all GVAL entries that are needed so that EPS encumbrances rolled into the new year on RO documents will not reject.
  - l) Identify special and supplemental bills with appropriations or spending authority that must be recorded.
  - m) Identify potential appropriation rollforwards.
  - n) Make needed changes to the REJA, REJV, and REPV tables.
- 3) Identify critical tasks for year end closing activities:
  - a) Clear documents off SUSF.
  - b) Clear out invalid encumbrances.
  - c) Record all augmenting revenue and receivables including distribution of indirect cost recoveries.
  - d) Take the fixed asset inventory and record adjustments. Be sure depreciation expense and accumulated depreciation are recorded appropriately.
  - e) Calculate and record compensated absences liability. Segregate the liability into current and non-current portions.
  - f) Clear (pay) outstanding invoices; record payables.
  - g) Review balance sheet accounts for accuracy.
  - h) Confirm intra/interfund payables/receivables in excess of \$1,000.
  - i) Record and process all cash receipts by the Treasurer's closing date.
  - j) Insure that all transfer expenditures and revenues are in balance.
  - k) Review proper classification of revenues for TABOR reporting purposes.
  - l) Review year end diagnostic reports.
  - m) Clear all default and clearing accounts.
  - n) Prepare all required exhibits and use e-mail or electronic submission.
  - o) Submit agency/department financial statements if required.

- 4) Every task should have an individual assigned the responsibility for its completion.
- 5) Identify timelines for completion of critical tasks:
  - a) Identify start dates for all tasks to assure that they are completed by the deadlines.
  - b) Identify checkpoints on the status of tasks to assure staying on schedule.
- 6) Ensure that internal cutoff dates and deadlines are established early enough to allow sufficient lead time for meeting statewide deadlines.
  - a) Cut off issuance of POs according to the dates established by purchasing.
  - b) Cut off acceptance of PV requests prior to system cutoff date.
  - c) Cut off central services, correctional industries orders well before the IT cutoff date; remember that State Forms is using the EPS inventory system for its billings.
- 7) Establish a regular process for monitoring the status of tasks:
  - a) Schedule regular status meeting to report progress.
  - b) Monitor and review reports and on-line tables to verify status and progress.
  - c) Use the checklist to record status and completion of tasks and deadlines
- 8) Establish a process to address problems as they arise.
- 9) Review your plan and make necessary changes for next year.

## 1.3 Agency Planning Checklist FY03-04 Closing/FY04-05 Opening

<i>Due Date</i>	<i>Date Completed</i>	<i>Task</i>	<i>Ref. Page #</i>
Beginning July 1		<p><i>Italics = closing; regular type = opening.</i></p> <p>The following items are ongoing accounting issues that agencies need to be aware of during the fiscal year to help ensure the year end closing process goes smoother. The issues may not apply to every agency. The issues are grouped by topic area:</p> <p><b>Capital Assets and Infrastructure:</b></p> <p>_____ <i>Establish and publish the planned condition level at which infrastructure assets reported under the modified approach will be maintained. (Department of Transportation only)</i></p> <p>_____ <i>For infrastructure assets reported under the modified approach, estimate the dollar amount of expenditures necessary to maintain that infrastructure at the planned condition level. (Department of Transportation only)</i></p> <p>_____ <i>Record depreciable assets separately from nondepreciable assets (affects land improvements and art &amp; historical treasures).</i></p> <p>_____ <i>Use account type 23 for capital asset acquisitions by non-higher education proprietary fund types.</i></p> <p><b>Capital and Operating Debt:</b></p> <p>_____ <i>Amortize premium/discount and gain/loss on debt refunding (debit/credit 6730, or 6740 and debit/credit balance sheet account 2801, 2806, 2803, 2807, or 2809.)</i></p> <p>_____ <i>Record capital asset related debt separately from operating debt.</i></p> <p>_____ <i>Record bond premium proceeds in an other financing revenue source code (RSRC 7010) separately from bond proceeds (RSRC 7000), and track the premium in a separate balance sheet account (2801 or 2806) for future amortization.</i></p> <p>_____ <i>Code capital grants separately from operating grants. Capital grants should be recorded in revenue source codes 7430, 7530, 7630, 7730, or 7830.</i></p> <p><b>Assets and Liabilities:</b></p> <p>_____ <i>Record deferred revenue related to advances (250X) in balance sheet codes separately from deferred revenue related to long-term assets such as taxes receivable (2530).</i></p> <p>_____ <i>Record restricted assets and related liabilities in a fund separate of the related operating fund for the activity. You may need to request that SCO create a new fund.</i></p> <p>_____ <i>Record proprietary fund type assets and liabilities in current and noncurrent accounts to support a classified statement of net assets</i></p> <p>_____ <i>Prepare to segregate year end current liabilities (due within one year) from noncurrent liabilities (due after one year) for governmental funds. This requirement includes compensated absences.</i></p>	



<i>Due Date</i>	<i>Date Completed</i>	<i>Task</i>	<i>Ref. Page #</i>
		<i>Italics = closing; regular type = opening.</i>	
		<i>Record the principal of permanent funds (nonexpendable portion) in a fund separate from the earnings or expendable portion of the permanent fund.</i>	
		<b>Revenues and Expenditures:</b>	
		<i>Use intrafund and interfund coding to separate disbursements of pass-through federal grants (object code 5770 and 5771) and state grants and contracts (object codes 5775 and 5776).</i>	
		<i>Code additions to Permanent Funds to revenue source code 9525.</i>	
		<i>Record deferred compensation plan contributions segregated between member contributions (RSRC 9531) and employer contributions (RSRC 9532)</i>	
		<i>For internal service funds serving primarily governmental activities, record internal service fund charges for services in the accounts that indicate the source of the revenue by program (RSRC 44XX). Also for internal service funds, record all external transactions in the Non-Program Service Fee revenue sources codes (revenue source class 440) or in RSRCs outside 44XX. This will allow SCO to exclude external transactions from the year end look back adjustment.</i>	
Beginning <b>March 1</b>		Changes and deletions to APP2 submitted to field accounting specialist for approval.	49
Beginning March 1		Submit requests to COFRS for FY04-05 automatic document numbering prefix identifiers (ADNT table entries).	33
<b>April 19</b>		<i>Requisitions for items not on state contract or price agreement must be received by agency purchasing contacts --- delivery by June 30.</i>	n/a
<b>May 10</b>		<i>Purchase requisitions for items on state contract/price agreement received by appropriate purchasing agent -- - delivery by June 30.</i>	n/a
<b>May 29</b>		<i>Expired warrant selection process runs and populates EXPW table for agency review and posting of federal portion.</i>	101
<b>June 7</b>		<i>Bank confirmations sent to confirm all agency bank accounts.</i>	182
<b>June 18</b>		<i>Requests to cancel or reissue aged warrants from the EAP18R report submitted to SCO for processing prior to the expired warrant purge.</i>	101
Beginning <b>June 14</b>		Review EAP03R for Aged Open Encumbrances Report for identification and posting of a lapse indicator to PORL.	41

<i>Due Date</i>	<i>Date Completed</i>	<i>Task</i>	<i>Ref. Page #</i>
<i>Italics = closing; regular type = opening.</i>			
<b>June 18</b>	_____	Target date to have all revenue receiving appropriations active in COFRS and to notify the Department of Revenue of the coding string.	57
June 21 June 21	_____	Deadline for agencies' 3rd level approval on AP transactions needed to record FY04-05 Long Bill.	54
<b>June 25</b>	_____	<i>Requests submitted to SCO for the cancellation of FY03-04 warrants. No FY03-04 warrants will be canceled after <b>June 25</b> ;they will be canceled in FY04-05.</i>	101
<b>June 30</b>	_____	<i>Physical inventory of consumable goods completed on or before this date.</i>	88
June 30	_____	<i>Petty cash and change funds counted.</i>	192
<b>June 30</b>	_____	<i>Cash deposited with the State Treasurer's Office prior to the cutoff (walk-in cutoff is 2:00 pm). Wire or electronic transfer to the treasurer by close of business.</i>	86
June 30	_____	<i>All inventory module transactions must be cleared by the close of business.</i>	90
<b>July 5</b>	_____	<i>Last FY03-04 biweekly payroll posted.</i>	86
<b>July 8</b>	_____	<i>Deadline for Initiation of IT's required for period 12 close.</i>	80
<b>July 13</b>	_____	<i>IT's with higher education processed.</i>	80
<b>July 15</b>	_____	<i>CR documents completed and approved by the State Treasurer.</i>	86
July 16	_____	<i>IT's with non higher education processed.</i>	80
<b>July 19 – 23</b>	_____	<i>Initiate intra/interfund receivable/payable confirmations and refer disputed amounts to your field accounting specialist as early as possible in this period.</i>	210
<b>July 15</b>	_____	Last day to have PO's accepted on COFRS for encumbrances to automatically roll into next fiscal year.	39
<b>July 16</b>	_____	PORA table reviewed for roll/lapse and changes made to account codes prior to encumbrances automatically rolling to FY04-05. <b>Appropriation codes for rollforwards should have \$0 if necessary so that the code will accept the rollforward encumbrance.</b>	41
<b>July 16</b>	_____	<i>All balances from balance sheet 2751 cleared.</i>	101

<i>Due Date</i>	<i>Date Completed</i>	<i>Task</i>	<i>Ref. Page #</i>
<i>Italics = closing; regular type = opening.</i>			
<b>July 16</b>	_____	<i>Clear all default and clearing accounts. These include the following balance sheet accounts: 1583-1599, 2510, 2520 and 2751. (Target date)</i>	96
<b>July 16</b>	_____	<i>Rollforward requests submitted to SCO.</i>	73
<b>July 16</b>	_____	<i>All intra/interfund receivable/payable issues related to Central Services billings resolved with Audrey Aultman, (phone 303-866-2433).</i>	210
<b>July 23</b>	_____	<i>Capital Construction CCCAS form for reversions submitted to SCO.</i>	218
<b>July 23</b>	_____	<i>Capital Construction CCCAS forms to extend spending authority for expiring projects submitted to SCO, with the appropriate AP document signed screen print attached.</i>	219
<b>July 23</b>	_____	<i>All Highway Users Tax Fund Certifications submitted to the State Treasurer by noon.</i>	n/a
<b>July 23</b>	_____	<i>Budget transfer and overexpenditure requests submitted to SCO.</i>	63
<b>July 23</b>	_____	<i>Last day to confirm intra/interfund receivables/payables.</i>	210
<b>July 28</b>	_____	<i>Compensated absences accruals must be completed by the close of period 13. The <b>PERA percent is 10.15%</b> for FY03-04; Medicare is included in the annual leave accrual.</i>	88
<b>July 28</b>	_____	<i>Period 13 of FY03-04 closes for agency input.</i>	n/a
<b>July 30</b>	The following items summarize other accounting entries that agencies should review and evaluate to determine if they apply: <b>Assets and Liabilities:</b>		
	_____	<i>Record any current year infrastructure additions.</i>	
	_____	<i>Track capacity or efficiency enhancements that qualify for capitalization of infrastructure assets under the modified approach. Post entries to 471 to capitalize these assets and provide for elimination of the expenditure recorded in the governmental fund.</i>	

<i>Due Date</i>	<i>Date Completed</i>	<i>Task</i>	<i>Ref. Page #</i>
		<i>Italics = closing; regular type = opening.</i>	
		<p><i>Report to the SCO the following for infrastructure under the modified approach:</i></p> <ul style="list-style-type: none"> <li><i>Assessed condition level for the three most recently completed condition assessments.</i></li> <li><i>Beginning of the year estimate of the amount needed to preserve assets at the established condition level.</i></li> <li><i>The amount actually expended on preserving the asset for each of the past five years.</i></li> <li><i>Basis for the condition assessment and scale used to assess and report the condition level.</i></li> <li><i>The condition level at which the government intends to preserve the assets for FY04</i></li> <li><i>Factors that affect trends in the information reported in the bullets above.</i></li> </ul>	
		<p><i>Review the balances in Balance Sheet codes 1362/1363 and 1762/1764 to determine if loans receivable are properly classified between current and noncurrent/long-term. Proprietary funds are required to segregate balances into current and noncurrent portions. Governmental funds are not required to segregate the balances between current and noncurrent, but they should record the loans in the accounts that best matches the nature of the loans.</i></p>	
		<p><i>Reclassify a portion of compensated absences as current. For governmental funds this entry is made in 471, and for all other funds, it is made in the fund that will make the payment.</i></p>	
		<p><i>Governmental funds accrue compensated absence liabilities in the fund only to the extent that they are due and payable at June 30. Do not accrue amounts of known retirements that are due and payable in the following year.</i></p>	
		<p><i>Reclassify the unspent portion of capital bond proceeds and related premium/discount to noncapital debt. (Out of 2800 and 2801 and into 2805 and 2806.)</i></p>	
		<p><i>Clear all intragovernment receivables and payables of agency funds through cash before the close of Period 13.</i></p>	

<i>Due Date</i>	<i>Date Completed</i>	<i>Task</i>	<i>Ref. Page #</i>
<i>Italics = closing; regular type = opening.</i>			
		Higher Education institutions should reclassify restricted cash and restricted investments from the existing cash and investment accounts to 1034 and 1634. This entry should be made in fund 399. If restricted cash is held by the State Treasurer, the entry in 399 should not be to 1100 cash; instead, it should be made to another 10XX account. This will preserve the balancing of 100 cash with fund 995-Treasury Investment Offset. Nonhigher education agencies are not required to make this entry because they are required to account for restricted activities in a separate fund.	
		Accrue state risk management claims liabilities according to GASB Interpretation No. 6 in the Risk Management funds, which are to be reported as part of the General Fund. Since the claims have not matured, only the amounts due and payable at June 30 should be recorded in the Risk Management funds. Therefore no estimate of amounts payable within one year should be record in the funds. However, the entire remaining liability (including IBNR) should be recorded in fund 471 and be segregated between current and noncurrent liability accounts.	
		Higher education institutions need to reclassify fund balance accounts from 3400 to the four accounts set up to report restricted net assets. 3200-Externally Restricted Other, 3220-Restricted for Debt Service, 3230-Permanent Endowment Expendable, 3240-Permanent Endowment Nonexpendable. This entry is not required of nonhigher education agencies because they are required to account for restricted activities in separate funds.	
<b><u>Expenditures/Expenses</u></b>			
		Record depreciation on all fixed assets (except infrastructure under the modified approach) for FY 03-04. This task can be done on a more frequent basis during the fiscal year at the agency's discretion.	
<b>August 2</b>		Signatures due for approved overexpenditures.	63
<b>August 13</b>		CCCAS forms to reestablish capital construction continuing appropriation spending authority submitted to SCO.	224
<b>August 18</b>		Variance analysis responses submitted to SCO.	100
<b>August 18</b>		Agency exhibit listing and completed exhibits A1, A2, B, C, D1 D2, E, F1, F2, G, I, J, L, M, N, O, P, Q, R, S, T, U, V, W1 and W2 submitted to SCO.	127

<i>Due Date</i>	<i>Date Completed</i>	<i>Task</i>	<i>Ref. Page #</i>
<i>Italics = closing; regular type = opening.</i>			
<b>August 18</b>	_____	<i>Financial statements submitted to SCO; AJE's proposed.</i>	107
<b>August 27</b>	_____	Deadline for booking FY04-05 Special Bills with FY04-05 spending authorizations.	56
<b>August 27</b>	_____	Completion date for booking all continuing capital construction appropriations.	220
September 20	_____	<i>Exhibit K due to SCO.</i>	165
September 24	_____	<i>Management's Discussion and Analysis due to SCO for agencies/institutions issueing stand alone financial statements..</i>	107
September 30	_____	<i>Accounts Payable relating to FY03-04 should be cleared.</i>	80
November 5	_____	<i>Annual Travel Report turnaround forms due to SCO.</i>	253

## CHAPTER 1: SECTION 2

### OPENING AND CLOSING CALENDAR

#### 2.1 Events Calendar

Note: Standard font represents opening events and *italic font* represents closing events.

Date	Event
March 1	FY04-05 table initialization completed - see Chapter 2, Section 1.3 for the list of tables to be initialized.
March 1	New year budget tables are available.
March 1	System available for input of FY04-05 pre-encumbrances and encumbrances into SUSF. There will be numerous errors that should clear when the FY04-05 appropriation and budget documents are processed. Please refer to Chapter 1, Section 4 for additional discussion of this issue.
March 1	Agencies may begin to submit changes to APP2 tables to their field accounting specialist, and begin to make changes on agency defined tables. Active and approved FY03-04 APP2 table entries were initialized over the weekend to reflect valid FY04-05 hierarchy.
March 1	Agencies may begin to delete FY04-05 CERT & ORGN entries. All deletions will be made prior to calendar year end.
March 1	New year prefix identifier '04' will automatically be available at this date. Agencies may change ADNT new year automatic document numbering prefix identifiers beginning on this date.
March 22	<i>Draft Request for Proposals to be published by State Purchasing should be to State Purchasing for Group I agencies to ensure delivery of goods and services by June 30.</i>
March 31	Begin nightly run of book process.
April 16	<i>Close of period 9 FY03-04.</i>
April 19	<i>Purchase requisitions for items not on a state contract or price agreement must be received by agency purchasing contacts to ensure delivery of goods and services by June 30.</i>
April 26	<i>Draft of invitations to bid must be to State Purchasing from Group I agencies.</i>

March 2004							April 2004							May 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6	4	5	6	7	8	9	10	2	3	4	5	6	7	8
7	8	9	10	11	12	13	11	12	13	14	15	16	17	9	10	11	12	13	14	15
14	15	16	17	18	19	20	18	19	20	21	22	23	24	16	17	18	19	20	21	22
21	22	23	24	25	26	27	25	26	27	28	29	30		23	24	25	26	27	28	29
28	29	30	31											30	31					

May 10	<i>Purchase requisitions for items on a state contract or price agreement must be received by the appropriate purchasing agent to ensure delivery of goods and services by June 30.</i>
May 14	<i>Close period 10 FY03-04.</i>
May 21	<i>Deadline to request changes to existing COFRS extracts.</i>
May 29	<i>Expired Warrants Selection Process runs and populates the EXPW table for agency review and posting of federal portion. See Chapter 3, Section 3.23.</i>
June 7	<i>Bank confirmations sent to confirm bank accounts. See Chapter 3, Section 5.17 for instructions and the bank confirmation form.</i>
June 11	<i>Biweekly payroll for the pay period ending on this date will be recorded for GAAP purposes in FY03-04 and for budget purposes in FY04-05.</i>
June 11	<i>Close period 11 FY03-04.</i>
June 14	<i>Application Services responds to requests for weekly scheduling of existing COFRS extracts by this date.</i>
June 14	<i>Begin production of GNL21R for periods 1 through 11 of FY03-04.</i>
June 16	<i>Coding changes for final billing corrections for Multi-Use Network, data lines, or phone lines prior to fiscal close communicated to the Department of Personnel and Administration.</i>
June 18	<i>All requests to cancel or reissue aged warrants from the EAP18R report must be submitted to SCO by this date to ensure processing prior to the expired warrant purge. See Chapter 3, Section 3.23.</i>
June 18	<i>Target date to have all revenue receiving appropriation codes for FY04-05 active in COFRS and to notify the Department of Revenue of coding string (see discussion in Chapter 2, Section 2.9).</i>

March 2004							April 2004							May 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6	4	5	6	7	8	9	10	2	3	4	5	6	7	8
7	8	9	10	11	12	13	11	12	13	14	15	16	17	9	10	11	12	13	14	15
14	15	16	17	18	19	20	18	19	20	21	22	23	24	16	17	18	19	20	21	22
21	22	23	24	25	26	27	25	26	27	28	29	30		23	24	25	26	27	28	29
28	29	30	31											30	31					
June 2004							July 2004							August 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5	4	5	6	7	8	9	10	1	2	3	4	5	6	7
6	7	8	9	10	11	12	11	12	13	14	15	16	17	8	9	10	11	13	14	14
13	14	15	16	17	18	19	18	19	20	21	22	23	24	15	16	17	18	19	20	21
20	21	22	23	24	25	26	25	26	27	28	29	30	31	22	23	24	25	26	27	28
27	28	29	30											29	30	31				



June 21	<i>Deadline for agencies' level 3 approvals on AP transactions needed to record the FY04-05 Long Bill.</i>
June 21	<i>GNL21R available on INFOPAC only.</i>
June 25	<i>Deadline to submit requests to SCO for the cancellation of FY03-04 warrants. All requests submitted by this date will be processed prior to month end. No FY03-04 warrants will be canceled after June 30 in FY03-04; they will be canceled in FY04-05. See Chapter 3, Section 3.23 for explanation of FY03-04 warrants canceled in FY04-05.</i>
June 25	<i>Last possible day to freeze an inventory for year end adjustment. (See Chapter 3, Section 3.14.)</i>
June 25	<i>Last FY03-04 M1 payroll to be posted in nightly cycle to COFRS.</i>
June 25	<i>Biweekly payroll for the pay period ending on this date will be recorded for GAAP purposes in FY03-04 and for budget purposes in FY04-05.</i>
June 25	<i>Biweekly payroll normally paid on this date will be paid on July 1.</i>
June 26	<i>Purge of aged warrants.</i>
June 28	<i>Reports on purge of aged warrants to be distributed.</i>
June 30	<i>Deadline for having FY04-05 Long Bill recorded, approved, and reconciled. Deadline for recording expense budgets to be active July 1.</i>
June 30	<i>Run point-in-time reports. (See Chapter 1, Section 3.15).</i>
June 30	<i>Physical inventory of consumable goods completed on or before this date. Refer to Chapter 3, Section 3.14 for discussion of this topic.</i>
June 30	<i>For continuation of expiring capital construction project appropriations, all contracts must be effective on or before this date.</i>
June 30	<i>A count of petty cash and change funds should be completed on this date.</i>
June 30	<i>Treasury cash cutoff. Walk-in deposits must be at the State Treasurer's Office by 2:00 pm to be recorded in balance sheet account 1100 - Operating Cash for FY03-04.</i>

June 2004							July 2004							August 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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6	7	8	9	10	11	12	11	12	13	14	15	16	17	8	9	10	11	13	14	14
13	14	15	16	17	18	19	18	19	20	21	22	23	24	15	16	17	18	19	20	21
20	21	22	23	24	25	26	25	26	27	28	29	30	31	22	23	24	25	26	27	28
27	28	29	30											29	30	31				

- June 30 *Wire or electronic fund transfers of depository account balances or federal fund drawdowns must be to the State Treasurer by close of business to have cash included in balance sheet account 1100-Operating Cash. (Amounts not transferred by this date must be in 10XX accounts and included on the agencies' Exhibit M.)*
- June 30 *All inventory module transactions must be closed by the close of business. This includes the SR, CI, OC, TI, TR, IA, and SN documents. Please see Chapter 3, Section 3.14 for details.*
- June 30 *All year end reports (RYE) will begin to run on the revised schedule for the closing period (run nightly, weekly, monthly).*
- June 30 *Nightly run of Book Process is turned off.*
- July 1 – July 31 *The document suspense file "SUSF" needs to be cleared daily of all FY03-04 rejects and documents that need approval. (See GNL15R weekly).*
- July 1 - July 31 *EAP05R Report (Unscheduled Payment Turnaround) needs to be reviewed daily for warrants being held due to vendors on hold or overspent appropriations. If overspent appropriations cannot be corrected, agency must request overexpenditure or transfer authority under the authority granted to the State Controller in CRS 24-75-105 to 110. See Chapter 3, Section 1.*
- July 1-16 *FYE02R and INV02R available on INFOPAC nightly.*
- July 1 *FY04-05 period 1 open for all accounting transactions.*
- July 1 *Last central payroll FY03-04 "999" payroll (schedule 906 payroll adjustments) to be posted in nightly cycle to COFRS.*
- July 1 *State Controller's Office diagnostic reports available on INFOPAC. (See Chapter 3, Section 3.21)*
- July 5 *STATE HOLIDAY*
- July 6 *Overexpenditure reports will be available.*
- July 6 *State Controller's Office diagnostic reports available on INFOPAC.*
- July 5 *Last FY03-04 B1 payroll posted to COFRS (pay period beginning June 12 and ending June 25).*
- July 8 *Last day to initiate IT's for period 12 close. Be sure to contact other agency in a timely manner. This does not include direct bill IT's. See related discussion of intra/interfund receivable/payables in Chapter 3, Section 5.30.*

June 2004							July 2004							August 2004						
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6	7	8	9	10	11	12	11	12	13	14	15	16	17	8	9	10	11	13	14	14
13	14	15	16	17	18	19	18	19	20	21	22	23	24	15	16	17	18	19	20	21
20	21	22	23	24	25	26	25	26	27	28	29	30	31	22	23	24	25	26	27	28
27	28	29	30											29	30	31				

July 9	<i>Biweekly payroll for the pay period ending on this date will be recorded for GAAP and budget purposes in FY04-05.</i>
July 13	<i>Deadline for processing IT document with higher education institutions including direct billing.</i>
July 14	<i>Last day to process PB and AJ documents. All reallocation entries for June payroll expenditures must be completed by this date</i>
July 15	<i>Last day to have FY03-04 encumbrance documents accepted on COFRS SUSF for encumbrances to automatically roll to FY04-05.</i>
July 15	<i>Deadline to reissue expired warrants in FY03-04 from balance sheet account 2751.</i>
July 15	<i>Deadline to have FY03-04 CR documents approved by State Treasury (Treasury fax number 303-866-2123).</i>
July 16	<i>Close of period 12 (non-higher education IT cutoff and PV cutoff.)</i>
July 16	<i>Deadline to have appropriation codes activated by an AP document (\$0 AP if necessary) so code will accept rolled forward encumbrance (EPS transactions).</i>
July 16	<i>Clear all balances from balance sheet 2751 per Chapter 3, Section 3.24.</i>
July 16	<i>Target date to clear all default and clearing accounts. (These include the following balance sheet accounts: 1583-1599, 2510, 2520 and 2751).</i>
July 16	<i>Process run for modification and rollover of FY03-04 purchase requisitions and purchase orders.</i>
July 16	<i>Deadline to submit rollforward requests to State Controller (See Chapter 3, Section 2).</i>
July 16	<i>Deadline for booking FY03-04 Supplemental Bills and FY03-04 Special Bills with expenditure authorizations.</i>
July 16	<i>Deadline for entries to PORL table to lapse or roll EAP or EPS encumbrance documents (See Chapter 1, Section 4). System default is to roll.</i>
July 16	<i>Resolve intra/interfund receivable/payable issues related to Central Services billings with Audrey Aultman (phone 303-866-2433) by this date.</i>

June 2004							July 2004							August 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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6	7	8	9	10	11	12	11	12	13	14	15	16	17	8	9	10	11	13	14	14
13	14	15	16	17	18	19	18	19	20	21	22	23	24	15	16	17	18	19	20	21
20	21	22	23	24	25	26	25	26	27	28	29	30	31	22	23	24	25	26	27	28
27	28	29	30											29	30	31				

- July 16 *Last day to make entries to the PORA table to change coding for EPS encumbrance documents. Process run for the modification and rollover of FY03-04 purchase requisitions and orders into FY04-05.*
- July 19 *Period 13 of FY03-04 open. Only JV's, JA's, TA's, AP's, EB's, TB's, FD's, DP's, FA's, and FC's may be processed.*
- July 19 – 23 *Initiate intra/interfund receivable/payable confirmations and refer disputed amounts to your field accounting specialist as early as possible in this period.*
- July 19 – July 28 *Overexpenditure reports and SCO diagnostic reports will be available on INFOPAC on these business days.*
- July 21 *SCO issues the Unrealized Gain/Loss Report on market valuation of Treasurer's pooled cash.*
- July 22 *First FY04-05 B1 payroll posted to COFRS (pay period beginning June 26).*
- July 23 *Capital Construction CCCAS form for reversions due to SCO.*
- July 23 *Capital Construction CCCAS forms to extend spending authority for expiring projects due to SCO, with the appropriate signed AP document screen print attached.*
- July 23 *Deadline for submitting appropriation transfer and overexpenditure request forms.*
- July 23 *First FY04-05 M1 payroll posted to COFRS.*
- July 23 *All Highway User's Tax Fund and Tobacco Cash Fund Certifications are due to Treasury by 12:00 noon.*
- July 23 *Final day to confirm intra/interfund receivable and payable balances. See Chapter 3, Section 5.30.*
- July 23 *Bank confirmations should be received back from your financial institution by this date for the completion of risk classification on Exhibit M.*
- July 26 *State Controller and OSPB to approve or disapprove all transfer and overexpenditure forms.*
- July 28 *Period 13 of FY03-04 closes for agency input.*
- July 29 *Period 13 of FY03-04 open for SCO input only. Only JA's, AP's and TA's may be processed.*

June 2004							July 2004							August 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
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6	7	8	9	10	11	12	11	12	13	14	15	16	17	8	9	10	11	13	14	14
13	14	15	16	17	18	19	18	19	20	21	22	23	24	15	16	17	18	19	20	21
20	21	22	23	24	25	26	25	26	27	28	29	30	31	22	23	24	25	26	27	28
27	28	29	30											29	30	31				

July 30	<i>FY03-04 final close.</i>
July 30	<i>Period 13 final close balances will be used as the basis for preparation of both agency statements and statewide general purpose financial statements.</i>
July 30	<i>Roll ending FY03-04 balance sheet balances as FY04-05 beginning balance complete with reporting categories and grant budget line breakdown. (See Chapter 1, Section 3.13 for more detailed discussion.)</i>
July 30	<i>Intra/Interfund Receivable/Payable Confirmation Forms due to SCO.</i>
August 2	<i>Begin production of final GNL21R for FY03-04 for distribution.</i>
August 2	<i>Deadline for department executive director signature on final approved overexpenditure forms and letter of explanation for deficit fund balances.</i>
August 4	<i>SCO distributes Exhibit Reconciling Balance Report, Exhibit J Data Report, Unrealized Gain/Loss Report, and Variance Analysis Reports, and requests for responses to the variance analysis report.</i>
August 6	<i>Target date for booking of State Controller approved rollforwards.</i>
August 6	<i>Final GNL21R for FY03-04 available on INFOPAC.</i>
August 6	<i>Turnaround uncommitted cash reserves reports mailed to agencies.</i>
August 13	<i>Close of period 1 FY04-05.</i>
August 13	<i>CCCAS forms to reestablish capital construction continuing appropriation spending authority due to SCO.</i>
August 13	<i>Cash reserves turnaround report due to SCO.</i>
August 18	<i>Financial statements from all state agencies are due (see Chapter 3, Section 4 of these instructions for details on financial statements).</i>
August 18	<i>Agency Exhibit Listing and completed exhibits A1, A2, B, C, D, D1, D2, E, F1, F2, G, I, J, L, M, N, O, P, Q, R, S, T, U, V, W1 and W2 due to SCO (see Chapter 3, Section 5 for details on exhibits).</i>
August 18	<i>Variance analysis responses due to SCO.</i>
August 23	<i>All funds return to full appropriation control, except funds 471 and the higher education 3XX funds.</i>

June 2004							July 2004							August 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5	4	5	6	7	8	9	10	1	2	3	4	5	6	7
6	7	8	9	10	11	12	11	12	13	14	15	16	17	8	9	10	11	13	14	14
13	14	15	16	17	18	19	18	19	20	21	22	23	24	15	16	17	18	19	20	21
20	21	22	23	24	25	26	25	26	27	28	29	30	31	22	23	24	25	26	27	28
27	28	29	30											29	30	31				

August 27	Deadline for recording all capital construction continuing spending authority, and target date for recording special bills in COFRS.
September 17	Close of period 2 FY04-05.
September 17	Deadline for booking FY04-05 Special Bills with FY04-05 spending authorizations.
September 17	<i>Issue General Purpose Financial Statements for June 30 (Limited Distribution).</i>
September 17	<i>Uncommitted Cash Reserves Report due to OSPB and JBC.</i>
September 20	<i>Exhibit K due to SCO.</i>
September 24	<i>Management Discussion and Analysis (MDA) due from agencies/institutions issuing stand alone financial statements.</i>
September 30	Accounts payable relating to FY03-04 should be cleared.
October 8	Target completion date for booking restrictions for previous year overexpenditures.
October 15	Close of period 3 FY04-05.
October 29	<i>Issue Schedule of Expenditures of Federal Awards.</i>
October 31	<i>Current year audited financial statements from Discreetly Presented Component Units meeting the materiality threshold due to the State Controller's Office.</i>
November 5	<i>Completed annual travel report turnaround forms due back to SCO with distribution of expense by source of funds.</i>
November 15	<i>Finalize Comprehensive Annual Financial Report (CAFR) with State Auditor opinion.</i>
November 30	<i>Due date for State Controller's statutory loan and advance report.</i>

June 2004							July 2004							August 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5	4	5	6	7	8	9	10	1	2	3	4	5	6	7
6	7	8	9	10	11	12	11	12	13	14	15	16	17	8	9	10	11	13	14	14
13	14	15	16	17	18	19	18	19	20	21	22	23	24	15	16	17	18	19	20	21
20	21	22	23	24	25	26	25	26	27	28	29	30	31	22	23	24	25	26	27	28
27	28	29	30											29	30	31				
September 2004							October 2004							November 2004						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4						1	2							
5	6	7	8	9	10	11	3	4	5	6	7	8	9		1	2	3	4	5	6
12	13	14	15	16	17	18	10	11	12	13	14	15	16	7	8	9	10	11	12	13
19	20	21	22	23	24	25	17	18	19	20	21	22	23	14	15	16	17	18	19	20
26	27	28	29	30			24	25	26	27	28	29	30	21	22	23	24	25	26	27
							31							28	29	30				

December 31	<i>Financial Responsibility and Accountability Act Statements due to State Controller's Office.</i>
January 14	Second quarter FY04-05 closing.
April 15	Third quarter FY04-05 closing.

## December 2004

S	M	T	W	T	F	S
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## January 2005

S	M	T	W	T	F	S
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## February 2005

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		1	2	3	4	5
6	7	8	9	10	11	12
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## March 2005

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		1	2	3	4	5
6	7	8	9	10	11	12
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## April 2005

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3	4	5	6	7	8	9
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## May 2005

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## 2.2 Fiscal Procedures Manual Calendar

March 2004

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April 2004

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May 2004

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June 2004

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27	28	29	30			

July 2004

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August 2004

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September 2004

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October 2004

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24	25	26	27	28	29	30
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November 2004

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28	29	30				

December 2004

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26	27	28	29	30	31	

January 2005

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February 2005

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March 2005

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April 2005

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24	25	26	27	28	29	30

May 2005

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29	30	31				



## CHAPTER 1: SECTION 3

### GENERAL OPENING AND CLOSING ISSUES

There are many issues to be discussed with the closing of one fiscal year and the opening of a new one. This section addresses issues of general interest.

#### 3.1 COFRS Reports

Report availability will be posted on the COFRS general message screen (GMSS). Contact the COFRS helpline at 303-866-6122 if you have questions on the distribution frequency for the standard COFRS reports during the fiscal year and at year end.

#### 3.2 Transaction Dating Data Elements

During the period from July 1 through the close of period 13, we will be operating in two fiscal years. In addition, you may record FY04-05 budgets and pre-encumbrances or encumbrances before July 1. See Section 4 in this Chapter for more information on encumbrance issues. Required data elements for each transaction during this period are the budget fiscal year, transaction date, and accounting period. This coding is essential to ensure that transactions are posted to the proper fiscal year and must be recorded on each transaction. Careful thought should be given to assigning the correct fiscal year to transactions processed during this period. Below is an example of how transactions should be dated for FY03-04 and FY04-05:

FY03-04:

Date = 06 30 03

Accounting Period = 12 03, or 13 03

Budget FY = 04

FY04-05:

Date = 07 XX 03, or 08 XX 03

Accounting Period = 01 04, or 02 04

Budget FY = 05

#### 3.3 Assignment of Transaction ID Numbers

DOAC/COFRS Alert #9 promulgates the policy mandating the use of the automatic document numbering feature in COFRS for the assignment of document identification numbers on transactions. In order to be able to separately identify various transactions in the system while still utilizing this mandated feature, agencies have the option of establishing document prefixes. The COFRS helpline staff have the ability to establish prefix identifiers in the ADNT table and will do so based on a telephone request from an agency. The prefix identifier "04" will automatically be available beginning March 1 .

Once a prefix is established, the user simply enters the prefix in the first characters of the document ID field and then enters a pound (#) sign. COFRS then automatically assigns a document ID number with the beginning prefix. If you need additional prefix identifiers or wish to extend the use of current prefix identifiers into the next fiscal year, call or write the COFRS helpline. This ability to request prefix identifiers over the phone supersedes the process explained in SYAD Bulletin #87.

### 3.4 Properly Recording Fiscal Year Revenue

The recording of cash receipts and revenues in the proper fiscal year is extremely important for accurate financial statements and cash reconciliation. Departments should review COFRS reports to make sure both FY03-04 and FY04-05 receipts and revenue are recorded in the proper fiscal year. See Chapter 1, Section 3.2 for transaction dating discussion.

### 3.5 Specifying Vendor and Subrecipient Relationships in Contracts

If a contract involves the disbursement or receipt of federal funds, you should pay special attention to the coding and reporting of those funds. Such contracts may result in either a subrecipient or vendor relationship between the parties involved. When the transaction is between state agencies it is important that the parties code the transaction similarly. In general, the language in the contract specifying the party's responsibilities determines the type of relationship involved. When a subrecipient relationship exists, the State of Colorado Contract Procedures and Management Manual requires specific language to be included in the contract. Please refer to that manual for details.

OMB Circular A-133 defines subrecipient as, "Subrecipient means a non-Federal entity that expends federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A Subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency." Section .210 of OMB A-133 provides guidance on making the subrecipient versus vendor determination. It states:

Characteristics indicative of a Federal award received by a subrecipient are when the organization:

1. Determines who is eligible to receive what Federal financial assistance;
2. Has its performance measured against whether the objectives of the Federal program are met;
3. Has responsibility for programmatic decision making;
4. Has responsibility for adherence to applicable Federal program compliance requirements; and
5. Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

1. Provides the goods and services within normal business operations;
2. Provides similar goods or services to many different purchasers;
3. Operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the Federal program; and
5. Is not subject to compliance requirements of the Federal program.

Section .210 also speaks to the use of judgment in making the determination as well as a recipient's responsibility for for-profit subrecipients and vendor compliance.

The following table specifies the accounting and reporting treatment for subrecipient/vendor transactions. See Chapter 3, Section 5.15 for Exhibit K reporting requirements.

	DISBURSOR	RECIPIENT
<b>Vendor Relationship Contract</b>		
	Code payments using object code indicating type of good or service purchased. Report expenditure on Exhibit K. Disburser is responsible for ensuring that expenditure is an allowable cost.	Code receipts using revenue source code indicating type of good or service sold. Do not report on the Exhibit K.
<b>Subrecipient Relationship Contract</b>		
With Another State Agency	Code disbursement using object code 5770 – Pass thru Fed Grant Intrafund or 5771- Pass thru Fed Grant Interfund. Report on the Exhibit K. In general, disburser is responsible for determining if recipient is a qualified recipient and for monitoring if recipients expenditures are allowable costs.	Code receipt using revenue source code 7501-7523-Fed Grant/Cont-Subrecip-(Dept.). Higher education institutions feed to revenue source code 7500. Do not report on Exhibit K. Recipient is responsible for helping disburser comply with grant requirements.
With a Non-State Entity	Code disbursement using object code 51XX- Intergovernmental Grants or 5781-Grants to Non-Gov/Organizations. Report on the Exhibit K. In general, disburser is responsible for determining if recipient is a qualified recipient and for monitoring if recipient's expenditures are allowable costs.	Code receipt using revenue source code 7500-Fed Grant/Cont-Subrecipient-Other. Report on the Exhibit K. Recipient is responsible for helping disburser comply with grant requirements.

### 3.5.1 Pass-through Entity Notification

State agencies that receive federal assistance from pass-through entities should review the requirements of OMB Circular A-133 for notification of audit results. A-133 requires subrecipients to notify pass-through entities of the results of the subrecipients' A-133 audit whether or not there were audit findings or updates to prior audit findings related to the pass-through assistance. If there were audit comments or updates to prior audit findings, a state agency must send to the pass-through entity a reporting package containing the following four items:

- ♦ Financial statements and schedule of expenditures of federal awards
- ♦ Summary schedule of prior audit findings
- ♦ Auditor's report
- ♦ Corrective action plan

These four items are included in the Office of the State Auditor Single Audit Report. When no findings or updates to prior audit findings related to the pass-through assistance occur, a state agency may notify the pass-through entity of that fact in writing or send the pass-through entity a copy of the reporting package. You can find the text of OMB Circular A-133 on the Internet at: <http://www.whitehouse.gov/OMB/circulars.html>

**3.6 VEND Table**

Please be sure to follow all procedures issued by SCO that ensure that the vendor you are adding is not already on the file. Vendor file procedures are located in Appendix C of the State of Colorado 1099 Reporting Guide available on the SCO website. Make sure all data you are entering are valid. Changes to vendor information will be processed in a timely manner by SCO. Please make sure your request for vendor changes is supported by adequate documentation, is signed, and includes your phone number in case we need to call you for additional information.

**3.7 Program Codes**

Program codes are not required for colleges and universities for statewide financial statement reporting purposes. Colleges and universities use program codes for internal management reporting purposes.

**3.8 Presence Budgetary Control**

Until August 23 all funds in the COFRS system will be set at presence control for budgetary purposes. If an agency needs to process a payment before budget is recorded (from the Long Bill, a special bill, a federal grant, nonappropriated, or on-going capital construction project), they may activate an appropriation code with a \$0 appropriation transaction and record the expenditure. On August 23, all funds will be placed on "full control" except for funds 471, 311, 320, 321, 322, 323, 324, 325, 326, 327, 328, 330, 340, 350, 371, 380, and 399. After this date adequate budget must be recorded to generate a warrant.

**3.9 COFRS Hours of Operation**

COFRS availability will be posted on the COFRS general message screen (GMSS). In addition, the message on the helpline answering machine will provide the most current information on that weekend's hours of operation. Please call 303-239-4357 before leaving for the office to ensure the system is available on that weekend. The system will not be available on the weekends of period 12 and 13 closing.

**3.10 Cash Adjustments on Journal Adjustment Transactions (JA's)**

Any JA resulting in a net change to the total book balance of the state's cash must be sent to the State Treasurer's Office for level 5 approval. These transactions include:

- ♦ Recording of investments and/or dis-investments of Treasury cash.
- ♦ Cancellation or re-issuance of warrants requiring a JA (warrants that are no longer on the OPVL and OPVH tables).
- ♦ Other actions that require adjustments in the total book balance of the state.

All other JA transactions should be sent to your field accounting specialist.

**3.11 Loans and Advances**

Prior to year end close, please review all negative balance sheet code 1100 cash account balances for your agency, except for funds 100, 310, 461, and 600, to determine if loan/advance approvals are current and for the correct amount. A statewide report of all outstanding loans and advances is prepared at the end of the fiscal year to compare approved loans/advances to actual balances. Refer to Chapter 5, Section 3 of these instructions for policies and procedures for applying for a loan/advance.

**3.12 Dating of Warrants**

All payment vouchers that are accepted in COFRS and recorded on the scheduled payment report (EAP04) as of June 25 will create a warrant (AD transaction) dated June 30. The total of these warrants will be included in the balance of the Warrants Payable Account (balance sheet account

2000) for FY03-04. All payment vouchers entered and accepted in COFRS and recorded on the scheduled payment report (EAP04) after June 25 will create warrants (AD transactions) dated after June 30. The total of these warrants will be included in the balance of the Warrants Payable Account (balance sheet account 2000) for FY04-05.

### **3.13 Ledgers Rolled after FY03-04 Final Close**

Following FY03-04 final close on July 30 , beginning FY04-05 balance sheet account balances will be established on the FY04-05 online ledgers based on the FY03-04 final balance sheet balances. You will receive two reports (FYE07R1-Roll Forward Summary Trial Balance By Agency Within Fund and GNL21R1- General Ledger Year-To-Date Detail by Fund Within Agency) giving you ending and beginning balances by fund, agency, and account. Beginning FY04-05 account balances will be reflected on the July 2003 (FY04-05 period 1) month end closing reports. The coding items that will be carried forward are fund, agency, balance sheet account, grant budget line, and reporting category. The GNL21R report for FY03-04 periods 1-13 will be available in INFOPAC on August 6 .

### **3.14 Pre-Audit Sensitive Account Codes**

There are a number of account codes that are particularly audit and reporting sensitive. An example is travel object codes that are reported in a separate report by SCO to the Legislature by in-state, out-of-state, and international travel breakouts. Another example is the accounts receivable balance sheet codes that are reported by SCO by various predefined receivable categories. A third example is the proper use of revenue source codes to appropriately classify revenues in accordance with the provisions of the TABOR amendment. Accounts of this nature should be carefully reviewed for proper classification prior to close.

### **3.15 Point-in-Time Reports**

There are three reports (FYE04R1, R2, and R3) that provide subsidiary detail and balances for the following three balance sheet control accounts:

- ♦ Billed Accounts Receivable (account 1330) - FYE04R1
- ♦ Vouchers Payable (account 2100) - FYE04R2
- ♦ Warrants Payable (account 2000) - FYE04R3

On June 30 , COFRS will produce these three “point-in-time” reports. This subsidiary detail will be as of the close of business for that day and month (calendar basis). These calendar month end reports are intended for use by agencies to reconcile and analyze these three system accounts prior to the actual close. FYE04R2 is unique in that it is also an accounting period report and will be produced for the close of periods 12 and 13. There will be a GNL19R report produced as a calendar month end report for reconciliation purposes.

**3.16 COFRS Fiscal Year Document Closing Table**

The following are the last dates for processing COFRS transactions for FY03-04. Questions about the closing dates should be directed to your field accounting specialist.

FISCAL YEAR DOCUMENT CLOSING TABLE (FYDC)

TRAN ID	TRANSACTION DESCRIPTION	LAST DATE OPEN
CI	Stock issue confirmation	June 30
IA	Physical inventory adjustment	June 30
OC	Over the counter	June 30
SN	Stock return	June 30
SR	Stock requisition	June 30
TI	Stock transfer issue	June 30
TR	Stock transfer receipt	June 30
CR	Cash receipt	July 16
CX	Check cancellation	July 16
IN	Invoice	July 16
IT	Interagency	July 16
MW	Manual warrant	July 16
OE	Open end purchase order	July 16
PB	Payroll voucher	July 16
PC	Central purchase order	July 16
PD	Departmental purchase order	July 16
PG	Price agreement release	July 16
PO	Purchase order	July 16
PV	Payment voucher	July 16
RQ	Requisition	July 16
RX	Standard EPS requisition	July 16
SC	Service contract	July 16
WR	Warrant reconciliation	July 16
JV	Journal voucher	July 28
EB	Expense budget	July 28
RB	Revenue budget	July 28
TB	Expense budget transfer	July 28
DP	Fixed asset depreciation	July 28
FA	Fixed asset acquisition	July 28
FC	Fixed asset modification	July 28
FD	Fixed asset disposition	July 28
AP	Appropriation	July 30
JA	Adjusting journal voucher	July 30
TA	Transfer of appropriation	July 30

## CHAPTER 1: SECTION 4

### ENCUMBRANCE ISSUES

#### KEY DATES

<b>March 1</b>	New year tables and encumbrance transactions available for modification and input.
<b>July 15</b>	Last day to have FY03-04 encumbrance transactions accepted into COFRS for encumbrances to automatically roll into FY04-05.
<b>July 16</b>	Last day to make entries to the PORL table to lapse or roll EAP or EPS encumbrance documents. System default is to roll the encumbrance amount into the new fiscal year.
<b>July 16</b>	Last day to make entries to the PORA table to change coding for EPS encumbrance documents. Account coding changes for non-EPS documents may be made directly in the rollover document from the suspense file. Process run for the modification and rollover of FY03-04 purchase requisitions and orders into FY04-05.

This section identifies several issues with pre-encumbrance and encumbrance transactions for both the close of the old fiscal year and the opening of the new fiscal year. These issues include: (1) recording new year pre-encumbrances and encumbrances prior to the opening of the new fiscal year, (2) encumbering for contracts prior to the opening of the new fiscal year, and (3) the modification and roll of pre-encumbrances and encumbrances.

#### 4.1 New Year PO's and RQ's (Appropriation Booked)

There is a need to process purchase requisitions (RX and RQ documents) and purchase orders (PC, PD, PG, SC, OE, and PO documents) for the upcoming fiscal year before the year is open on the fiscal year (FSYR) and accounting period (APRD) tables. All document processors for the previously mentioned transactions have been modified to allow future fiscal year transactions when the following conditions have been met (see SYAD Bulletin #249 for additional discussion):

- ♦ All budgetary and account coding necessary for the encumbrance to accept are in place and active in COFRS and the coding on the document is accurate. This includes, but is not limited to, appropriation codes, expense budgets, grant validations, organizations, sub-objects, etc.
- ♦ The accounting period on the document is the first accounting period in the future fiscal year (i.e., 01 04). **Accounting period is a required field on all future fiscal year documents.**
- ♦ The fiscal year on the document is the soon to be opened fiscal year; purchase orders cannot be placed two years in advance. **Fiscal year is also a required field on the future fiscal year documents.**

If the above conditions are met, COFRS will accept the document and will also print the EPS purchase order form for mailing to the vendor. Each EPS purchase order that is printed prior to the opening of the new fiscal year will have printed in the space reserved for SPECIAL INSTRUCTIONS the following message: "Goods are not to be delivered or invoiced prior to July 1."

#### **4.2 New Year PO's and RQ's (Appropriation Not Booked)**

Agencies may input FY04-05 purchase requisitions (RX and RQ documents) and purchase orders (PC, PD, PG, SC, OE, and PO documents) prior to the beginning of FY04-05 without the budgetary and account coding being in place and active in COFRS. However, these transactions will show error messages.

In each nightly cycle COFRS attempts to process all purchase order and purchase requisition documents on reject-hold status. If all errors are cleared and the transaction has a third level approval, the transaction will accept during this nightly cycle process and the EPS purchase orders will print. This process saves the users from having to quick edit the documents each day. If the transaction is not approved and/or still has errors, the transaction will not accept.

Some common error messages that you may experience on these transactions for future fiscal years that do not have active budgetary or account coding are listed below:

- ♦ BUFRE - RECORD NOT FOUND ON AFSI
- ♦ BUFRE - RECORD NOT FOUND ON APPI
- ♦ CO69E - DOC PROCESSING BYPASSED

There may be more error messages depending on the combination of date, accounting period, budget fiscal year and account coding used on a particular transaction.

If the transaction is not accepted and the vendor requires a PO number, agencies may use the document number of the rejected COFRS transaction to get the PO number for the vendor. That number will stay with the document until it is approved and processed through COFRS.

The State Controller has also authorized the Division of Purchasing to accept agency purchase requisitions prior to July 1 without the necessary COFRS approvals. Agencies may forward rejected RX and RQ documents to the Division of Purchasing so that purchase commitments for goods and services will be in place July 1. The agency controller or chief financial officer must sign as an approver on the rejected RQ's or RX's in this process.

#### **4.3 Instructions for Encumbering FY04-05 Contracts Prior to July 1**

During the period from March 1 to June 30, if an agency has appropriations that have been signed into law and these budgets have been recorded in COFRS, the agency may enter FY04-05 encumbrance documents into COFRS for the amounts required to be encumbered for FY04-05 contracts. When edited and ready for approval, forward these encumbrance documents with the contracts for approval. As soon as the contract is approved and executed by the State Controller's Office or a designee delegated to sign contracts for the State Controller, these documents may be approved and recorded against the agency's FY04-05 appropriations.

If an agency does not have FY04-05 appropriations recorded on COFRS at the time that a FY04-05 contract is being routed for approval, they may enter an encumbrance document into COFRS and forward the contract and the edited encumbrance document containing its errors for review and approval. When the contract is approved by the State Controller's Office, the encumbrance document will be quick edited to eliminate any errors that are no longer valid. If the



encumbrance document is ready for approval, it will be approved and scheduled when the contract is signed by the State Controller's Office.

If the encumbrance document still contains errors, the contract will be signed and executed by the State Controller's Office. A copy of the encumbrance document will be kept by the contract approver. A letter will be attached to the contract that informs the agency that the contract is approved but the encumbrance document must be valid as of July 1. If the document still does not accept on July 1, the agency will have to invoke the thirty day clause to cancel the contract with the vendor. The State Controller's Office will audit rejected encumbrance documents on July 1 to ensure compliance with this procedure.

#### **4.4 Modification and Rollover of FY03-04 Purchase Requisitions and Purchase Orders**

By policy, all encumbrances and pre-encumbrances will lapse at the close of a fiscal year. However, encumbrances may be rolled into the new fiscal year through COFRS' automated rollover process. There is no automated process to rollover pre-encumbrances; agencies must manually re-enter those transactions if they wish the pre-encumbrance to be recorded in the new fiscal year. During the processing for period 12 close on **July 16** all FY03-04 purchase requisitions and purchase orders will automatically be modified to zero. All purchase requisitions (both RQ and RX) will remain at zero. Agencies may request that COFRS rollover purchase orders into the new year.

**Some errors still occur in this modification and roll process. These errors are primarily due to coding problems that are under the control of the agencies. Examples include appropriation codes not being active, expense budgets not being active, missing GVAL entries, grants closed, etc. It is essential that agencies do everything possible to ensure that the codes necessary to roll encumbrances into the new year are active and available. Errors in the roll process require a significant amount of effort and time to correct and should be avoided if at all possible.**

The process to roll encumbrance documents for agencies using EPS and for non-EPS agencies has some common elements and some differences. Those common elements and differences are discussed below.

##### **Common Elements to Both Processes:**

The Purchase Order Roll Table (PORL) lists every open purchase order on the open item tables: OPPH and OPPL for EPS documents/OPOH and OPOL for non-EPS documents. These tables are organized by budget fiscal year, agency and purchase order number. Agencies have the opportunity to determine which purchase orders will rollover and which will lapse. This is accomplished as follows.

**Lapse --** To lapse a purchase order enter an "L" (lapse) in the ROLL ACTN field on the PORL table. Lapsed purchase order documents will be reduced to zero in the old year, thereby reducing the encumbrance and reserve for encumbrances. The system will not generate new year purchase order transactions.

**Roll --** To roll a purchase order enter either an "R" (roll) in the ROLL ACTN field on the PORL table or leave the field blank. Since the system-wide default is to roll purchase orders, leaving the field blank is the simplest option. The process for generating the new year transaction is different for EPS than for non-EPS and is discussed below.

The system will automatically lapse any purchase order if the vendor associated with that purchase order is on hold. System edits will block any attempt to enter an "R" in the ROLL ACTN field on the PORL table if the vendor is on hold. A vendor hold indicator is on the PORL table for reference.

Two reports are generated by the modification and roll process. FYE01 reports all pre-encumbrances that were modified to zero by the system. It reports both RQ and RX transactions. FYE02 reports the disposition of each open FY03-04 encumbrance document (PC, PD, PG, PO, OE and SC). This report indicates whether the document has lapsed or rolled.

A daily version of FYE02R (Report ID = FYE02RYE) will be available on INFOPAC **July 1-16**. This report should be reviewed often to assist in determining the purchase orders that will roll and those that will lapse. The report will be generated every night until all of the FY03-04 purchase orders have been closed.

The final version of FYE02R will be generated the night of **July 16**. This is the version of the report that will be stored on INFOPAC for five years. The daily version will be archived off of INFOPAC on a weekly basis.

#### **Unique Features for Extended Purchasing Agencies:**

The EPS purchase order roll process will be as follows:

1. The system will read the "ROLL ACTN" field on the PORL table. If the purchase order is marked to lapse, a zero dollar payment voucher will be created and processed through COFRS in the old year. These documents will accept automatically without any action from agency personnel. The document number will begin PV 999. The actual PV number will appear on FYE02R.
2. If the purchase order is to roll into the new year, the system will create a roll over transaction (RO). This transaction is created and posted to the document suspense file (SUSF). If the necessary budget and account coding are in place and active, the RO transaction will accept automatically without action from agency personnel. If the coding is not in place and active, the RO will reject. The RO is not included in any security group that would allow a user to change or delete the document. So to correct the errors, the agency must establish the account coding that exists on the rejected RO document (i.e., activate an appropriation code, create a GVAL entry, process an expense budget, etc.). After that is completed, the agency should contact the COFRS help line at 303-866-6122 to get the transaction processed.

If an EPS agency wishes to change the coding on an encumbrance, the change must be made prior to the roll process. These changes can be accomplished by using the EPS purchase order roll account code table (PORA). Entries into PORA must be completed prior to **July 16**. The process to change an account code is as follows:

- ♦ Go to the PORA table. This table displays all open EPS purchase order documents including the detail account codes.
- ♦ There are two account code lines for each purchase order. The first line is the codes on the purchase order as it is in the system in the old year. This information comes from the open purchase order line table (OPPL). This set of codes is protected and cannot be changed.

- ♦ The second line is initially blank. To change the encumbrance account coding for the new year, the new account coding string must be entered in this second line. If any code is being changed in the string, the whole string must be entered here.
  - ♦ The purpose of this table is to change account codes on existing lines. The table is not designed for, nor will it allow for, splitting an existing accounting line into multiple lines.
  - ♦ The old codes will be used to modify the old year encumbrance to zero. The new codes will be validated against new year codes and the new codes will appear on the OPPL table after the roll process is completed.
  - ♦ All codes entered on the new year line on PORA must be valid in the new fiscal year. For example, if a new appropriation code is entered, it must already be on the APP2 table for the new fiscal year. In order for the RO transaction to process, the appropriation code must be activated by an AP transaction. The AP transaction must be processed before the roll occurs on July 16 . The RO transaction edits will look for active appropriation codes.
  - ♦ The system will read the PORA table during the roll process to determine if there are any changes in the account code structure. Since the system needs the new structure on July 16 , the changes MUST be identified and entered onto PORA before July 16 . Changes made after that date will not be taken into account in the roll process.
  - ♦ A flag has been added to the PORL table that indicates a change to the account codes has been made on PORA.
3. For all PG (price agreement) documents on the PORL table, a valid entry must exist on the PASM (price agreement summary) table and the PAVC (price agreement vendor/commodity) table in FY04-05 in order for the RO document to accept in the new year. If the price agreement on the FY03-04 PG is not valid in FY04-05, the PG document should be flagged to lapse (L) on the PORL table and a new PG document entered in FY04-05 for the new price agreement. Without valid entries in PASM and PAVC, the RO will reject.
  4. All EPS purchase order documents and their disposition will be reported on the FYE02R report.

#### **Unique Features for Non-Extended Purchasing Agencies:**

The roll/lapse of non-EPS documents (PO only) works essentially the same as for extended purchasing documents with some subtle differences.

1. The system will read the “ROLL ACTN” field on the PORL table. If the purchase order is marked to lapse, a modify purchase order document will be created and automatically accepted through COFRS. The agencies do not have to do anything to get the old year transactions to process, unless there is an error of some type. These modify transactions will be batched. The Batch ID will be identified with the term “old” as the first three characters of the batch number. Agencies need to review the COFRS suspense file (SUSF) on the first Monday after period 12 close to determine if all modify transactions in “old” batches have accepted.

2. If the purchase order is marked to roll, the system will perform a series of functions:
  - ♦ Create a modify transaction for the old year as discussed immediately above.
  - ♦ Purge the open item tables (OPOH and OPOL) of all coding for transactions that will roll into the new year. This is done so that the new transaction can be processed and posted to the tables. Historical information such as previous references will be lost. The purge is necessary so that new transactions with the same document ID will accept. (The system cannot handle duplicate records.)
  - ♦ Create new year transactions that are identical to the PO that was just lapsed. These new year transactions will be batched and can be identified by the term “new” as the first three characters of the batch number. These transactions will be posted unapproved to SUSF and made available for agency action.
3. Agency staff can then go to SUSF, call up the document, and make any changes that may be required and approve the document. The transaction will be processed as any other PO transaction. Once the new transaction is accepted, the OPOH and OPOL table records will be created in the normal manner. Once again, there will be no historical information on the table. The system views this as a totally new record. If it is determined that the PO is no longer needed, it can be deleted as any other unprocessed document.
4. All open non-extended purchasing purchase order documents and their disposition will be reported on the FYE02 report.